

SC Department of Health and Environmental Control Best Management Practices

72.90 (GP: Best Management Practices) By September 1 of each year, agencies appropriated funds in this act must report on their website a self assessment of the agency's use of the following best practices during the prior fiscal year. For each of the best practices, the agency must publicly rate itself as **In Compliance**, **In Progress**, or **In Non-Compliance**.

The following is a self-assessment of the South Carolina Department of Health and Environmental Control's use of the 13 best management practices during fiscal year 2004-2005:

1. Integration of Planning and Budgeting: *The agency employs a multi-year strategic planning process that links the planning process with the annual budget review. [In Progress]*

- The agency employs a multi-year strategic planning process. The Bureau of Budgets and Finance and the Office of Planning work closely with the Executive Management Team (EMT) and deputy area staff to prepare the Annual Appropriations Request and other budget documents prescribed by the Office of State Budget.
- DHEC has completed the Strategic Plan 2005-2010 setting direction for the agency for the next five years. Objectives are included to further align the planning and budgetary functions of the agency.
- The EMT sets priorities and manages fiscal reductions based on agency priorities. Long and short-range goals and objectives are analyzed and addressed during the preparation of the budget request and throughout the year.
- As budget reductions are mandated, the agency continues to analyze its mission, goals, objectives, priorities, impacts, programs, efficiencies and identify alternative resources to determine which service areas are reduced or impacted. This process has allowed agency staff to work together to identify other resources and methods of providing services that have helped reduce the negative impact on service delivery

2. Internal Audit: *The agency utilizes an active internal audit process that includes: (a) programmatic reviews along with fiscal reviews; (b) consistent follow-up on audit findings; and (c) reporting of the internal audit function to the institutional head and/or to the governing board, if applicable. Agencies that cannot afford a separate internal audit staff should use internal reviews that serve the same as an internal auditor. [In Compliance]*

- DHEC has an active internal audit process functioning within the agency. The Office of Internal Audit's (OIA) mission is to conduct routine, special and

investigative audits to assist the DHEC Board and management in assessing and improving agency programs and operations.

- Audits are conducted based on an Annual Internal Audit Plan. This plan is prepared at the beginning of each fiscal year based on input received from DHEC management and staff, assessments of agency needs and federal mandates. A risk-based approach is used to prepare the plan. The OIA also conducts special projects and investigations as requested.
- The OIA reports to the General Counsel and the Administrative/Audit Committee of the DHEC Board. This organizational structure helps to ensure OIA's independence from the audited areas.
- In April 2005, Internal Audits implemented an agency-wide Fraud, Waste, and Abuse Hotline. The hotline is a system where complaints are received, evaluated, investigated and corrective measures are instituted. Examples of reasons individuals may call the hotline are to report: inappropriate procurement practices, suspected abuse of state or agency policies and procedures, suspected fraud, suspected embezzlement, etc. This hotline will be piloted for one-year, when it will be evaluated by utilizing a report showing the usage of the hotline and a summary of any investigations conducted as a result of hotline calls. [Annual Accountability Report 2004-05]
- Internal Audits requests follow-up progress reports on audit recommendations 30 working days after the final audit report is issued. If all recommendations are not implemented at that time, the OIA follows-up with the audited areas at least quarterly to get a progress report until the recommendations have been adequately closed by management. Internal Audits presents the status of open internal audit recommendations to the Administrative/Audit Committee of the DHEC Board three times per year and to the Executive Management Team twice per year. The Audit Committee and EMT emphasize the importance of implementing audit recommendations, which contributes to the success rate of implementation. On any given day, the agency has approximately 70% or more of all internal audit recommendations implemented.
- Over the past two fiscal years, OIA has made 179 recommendations to improve agency operations, internal controls and procedures. Of those 179 recommendations, 159 have been implemented with 20 outstanding, which will be implemented in this fiscal year. This shows a serious commitment by DHEC managers to make positive changes in the agency. Internal Audits continues to follow-up on the open recommendations and reports the status to the Audit Committee of the DHEC Board and the EMT.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS			
Years	Number of Recommendations	Recommendations Implemented	Recommendations Outstanding
FY2005	76	56	20
FY2004	103	103	0
TOTALS	179	159	20
Source: DHEC Office of Internal Audits [Annual Accountability Report 2004-05]			

3. Collaboration and Partnerships: *The agency demonstrates financially beneficial collaborative efforts with other public entities in performance of business functions including, as applicable, but not limited to, financial management, energy management, printing and publications, mail service, procurement, warehousing, public safety, security, space utilization, and parking.*
[In Compliance]

- The Business Recycling Assistance Program (B-RAP) is a partnership of DHEC's Center for Waste Minimization, Office of Solid Waste Reduction and Recycling, and the Recycling Market Development Advisory Council housed at the S.C. Department of Commerce. The partnership offers non-regulatory technical assistance to businesses, industry and government. A new South Carolina Materials Exchange - a free on-line service that provides businesses and others the opportunity to exchange unwanted materials that otherwise would have been disposed as waste was developed. In addition, B-RAP formed a partnership with the Environmental Protection Agency (EPA) and secured funding to develop a program promoting the recycling of fluorescent lamps. These partnership efforts save landfill space and prevent many potential pollutants from being placed into state landfills.
- On January 6, 2005, a Norfolk Southern train derailed after colliding with a parked train in the Graniteville community in Aiken County. The derailment involved two locomotives and 16 rail cars. Four of the cars contained hazardous materials: three carried chlorine and one carried sodium hydroxide. During the derailment, one tank car of chlorine was punctured, releasing an estimated 60 tons of chlorine gas into the surrounding community. Nine fatalities and numerous injuries resulted. DHEC worked with local, state and federal agencies along with Norfolk Southern in responding to this tragic incident. DHEC supported the response effort through plans established for Health and Medical Services and Hazardous Materials. The on-site responding agencies worked for 14 days to handle the two full tank cars of chlorine, the remaining chlorine in the punctured car and the tank car containing sodium hydroxide, during which time residents remained evacuated from the local area. At the time of this publication, DHEC continues to work through a community coalition to address citizen concerns regarding the derailment. [Annual Accountability Report 2004-05]
- Salmonella food poisoning led to one death and 304 confirmed and suspected cases in one of the largest outbreaks of food-borne illness in the state. Teamwork among DHEC central office and regional staff from nursing, environmental health, epidemiology, laboratory and public information and staff

from Kershaw County government led to a successful response to a serious public health emergency. [Annual Accountability Report 2004-05]

- Due to limited resources, small drinking water systems may have difficulty meeting the many regulations governing operation of a public water system. Through a grant from the EPA, DHEC has entered into contracts with the South Carolina Environmental Certification Board and the South Carolina Environmental Training Center to provide no cost training (both regional and on-line) for eligible operators of small water systems serving 3,300 or fewer persons. In addition to providing training, the program covers costs associated with required operator certifications.
- The agency continues to partner with the S.C. Department of Transportation on the “Smart Ride” program, which reduces automobile exhaust emissions that contribute to high ground level ozone formation. This program saves our employees money on transportation costs, saves wear and tear on our highway system, and minimizes traffic congestion during peak travel hours by reducing the number of vehicles on the road.
- The agency coordinates, where appropriate, statewide water quality (WQ) monitoring responsibilities with several other agencies including S.C Department of Natural Resources and the U.S. Geological Service. By coordinating WQ monitoring, more data is gathered and more efficiency is realized in the monitoring effort.
- In S.C. Business One-Stop (SCBOS), DHEC is working with four other agencies (Secretary of State, Employment Security Commission, Labor, Licensing and Regulation, and the Department of Revenue) on an enterprise initiative to provide a “one-stop” gateway for the electronic submittal of business and professional registrations and licenses. Other state and county agencies, as well as municipalities, will also be a part of this collaborative project to improve service to the public. [Annual Accountability Report 2004-05]
- The Vehicle and Fleet Maintenance Program was developed for DHEC and other fleet managers across the state to have the ability to access to a user-friendly program to capture required operational information. The agency continues to enhance the capabilities of this program through input and recommendations from our users. This program is used across the state by city, county and state governments. DHEC has made this program available at no charge to any governmental entity in order to assist them in developing a good user-friendly system without spending large sums of money. This program has reduced manual record keeping, increased data accuracy and provided the ability to produce “on demand” fleet data.
- The agency, where possible, has established partnership arrangements with health and human service agencies at the local level. This arrangement provides opportunities for sharing staff, utilities, janitorial service, common supplies, fax and local telephone usage. The collaboration not only saves costs, but also centralizes and improves services delivery.

4. Outsourcing and Privatization: *The agency examines opportunities for contracting out various business functions, has performed cost analyses, and has implemented, where economically feasible, cost saving contracts.* [In Compliance]

- DHEC has a contract with the S.C. Department of Revenue (DOR) through the Governmental Enterprise Accounts Receivable Collection Program (GEAR) to provide collection services for delinquent accounts. Through this program DOR is able to garnish tax refunds under the S.C. Tax Code to satisfy outstanding receivables, which the agency has been unable to collect.
- The recycling of office paper for the central office area is outsourced to the Department of Corrections Recycling Program. The agency conducted an internal analysis of the effort to perform this function in terms of labor, equipment and facilities. Further, analysis was made of using a commercial vendor and the selected method has demonstrated to be the most comprehensive, efficient and cost effective.
- DHEC was recognized by the Governor's Office for having the most expenditures with Minority Business Enterprises (MBE) in 2004. The agency spent \$8.11 million, which was more than double the amount spent (\$4 million) by the next highest state agency. Over the last five years, the agency has averaged \$6.1 million per year and has been the top one or two state agencies in MBE expenditures. [Annual Accountability Report 2004-05] The agency also received the Minority Business Top State Agency Award from the S.C. Minority Business Development Center.

5. Process Analysis: *The agency makes a critical examination of its business processes in an effort to increase productivity, reduce waste and duplication, and improve the quality of services provided to its internal customers.* [In Compliance]

- In an effort to streamline administration and increase efficiencies, DHEC has consolidated its twelve district offices into eight regions effective July 1, 2005. The move is intended to generate a cost saving for the agency and the state, while increasing accountability and renewing the agency's focus on customer service. While the move will affect management of the areas, it will not affect DHEC's forty-six county health department offices or the health and environmental services provided to the public. [Annual Accountability Report 2004-05]
- The agency's "Public Health Informatics" committee was formed to provide guidance on DHEC's future data systems and information services initiatives. The committee has previewed all existing major public health systems and data sources and has developed an overall public health informatics infrastructure including data systems, integration, standards, confidentiality and security around the agency. Future initiatives involving data systems and information services will be reviewed by this team prior to development and implementation resulting in:

improved efficiency, oversight and guidance; reduced cost and duplication of efforts; and improved compatibility with the agency's infrastructure and needs. [Annual Accountability Report 2004-05]

- The agency achieved \$56,762.45 in total tax savings during the state's sales tax holiday period for 2004. This represents \$14,307 savings over the previous year's savings. [Annual Accountability Report 2004-05]
- The agency continues to increase the usage of the state purchasing card instead of using purchase orders. This year 12,348 purchases were made with the card totaling \$2,431,429. The average cost to process a purchase order is \$83 and the average processing time is 54 minutes. The average purchasing card transaction cost is \$23 with an average processing time of 14 minutes. By using the purchasing card to acquire goods that would previously have been procured by purchase orders, the agency has realized a cost avoidance of \$741,000 this fiscal year. [Annual Accountability Report 2004-05]
- The volume purchase of personal computers (PCs) and other information technology products creates financial savings, reduces administrative activities and utilizes procurement planning across program lines. Savings were realized by grouping state contract items into volume purchases of PCs and other contract items (printers, switches, servers and back-up tapes). This effort produced a combined savings of \$1,051,188 representing more than 36% below the Western States Contracting Alliance (WSCA) contract pricing. [Annual Accountability Report 2004-05]
- The agency's annual facilities lease obligation was reduced by \$69,514 from \$5,798,021 on July 1, 2004 to \$5,728,507 on June 30, 2005. These savings were produced through contract negotiations of existing leases, as well as program review that led to consolidation and reduction in the amount of physical space. [Annual Accountability Report 2004-05]
- Through market awareness, the Division of Supply and Inventory Management conducted a surplus inventory lot sale, which included all electronics assets in the warehouse. This resulted in a single sale to the successful bidder for the entire lot weighing approximately 35,000 lbs. This method was more efficient over our previous disposal method of holding a public sale for single items and paying for removal of all unsold items. This new method produced the following benefits: avoided the payment of the electronic disposal fee estimated to be \$7,350 (35,000 lbs. at 21¢ per pound.) and saved more than 40 staff hours by not requiring the time and effort to hold a by-item public sale.
- In total, the Office of Internal Audits (OIA) identified cost savings of \$834,881 in FY2005 through audits, and as of June 30, 2005, the agency was able to recoup a total of \$543,858 of that amount (65 percent). For FY2004, OIA identified \$793,841, and the agency recouped \$779,114 in cost savings through audits (98 percent). [Annual Accountability Report 2004-05]

- This year, the agency updated its document imaging and management system. In addition to the update, several program areas had a need to begin use of the imaging system. In order to maximize resources and efficiencies, rather than have individual areas purchase network servers, software license and data storage devices; program areas within the agency worked together and planned logistics to share these items among staff. The collaborative effort of sharing servers software and storage devices rather than making individual purchases, saved the agency approximately \$150,000 in one-time purchases and expenses and approximately \$10,000 in recurring costs.
- The agency's Environmental Quality Control (EQC) deputy area has designed a Capacity Building program to enhance professional development and prepare employees for future management positions within that deputy area. To date, approximately 120 staff have participated in the project. EQC is preparing to launch the next phase so that every employee in the EQC Deputy area will have an opportunity to participate in this program. Building on the success of the project, the Office of Personnel Service and the Office of Quality Management are working together to expand this program to other areas of the agency. EQC recently won the S.C. Office of Human Resources "Excellence in Human Resources Award" for the Capacity Building Initiative.

6. Use of Automation and Technology: *The agency uses a long range plan for improved use of technology to enhance business processes and takes deliberate efforts to implement this technology within budget constraints.*

[In Compliance]

- DHEC has implemented a GPS (Global Positioning System)/ArcPad application for documenting nonpoint source water pollution sources potentially contributing to the closure of shellfish harvest areas. These units are used during routine shoreline surveys. Customized forms allow field data to be entered efficiently and accurately while the unit collects coordinates. The geographic data, along with associated attributes, is seamlessly exchanged between the GPS units and the GIS data server. In addition, these units were used to geo-reference pollution sources documented by thermal imagery taken of the shellfish harvest areas during a pilot aerial surveillance operation. Thermal imaging is a technology that captures heat emitted by objects. The thermal scanner is sensitive to sub degree changes in surface temperature resulting in a detailed image that maps relative temperature changes. Applications of the thermal sensor include: detection of discharge plumes in water; monitoring of discharges over tidal cycles; and detection of "hot spots" in landfill sites and underground storage leaks. The use of thermal imagery was initiated this year as a pilot study to determine the method's cost effectiveness. This detection method was not only cost effective, but over 60% of the sources investigated would not have been documented by a traditional shoreline survey.
- Phase I of the Client Automated Record and Encounter System (CARES), the first statewide public health information system in the nation with client-centered clinical information, has been completed and is being used in all 46 counties in

South Carolina. Over 4.5 million clients can be accessed from anywhere in the state by over 2,000 end-users. [Annual Accountability Report 2004-05]

- CHESS, the web-based South Carolina version of the National Electronic Disease Surveillance System, is currently in use in all eight DHEC regions. The system has improved the ability of public health agencies and organizations to receive and electronically process information about reportable diseases by: improving the timeliness and quality of response to significant individual reports or case-clusters; improving the quality of action-oriented summary reports; incorporating communicable disease data into a larger integrated public health database; and in general, promoting modernization (e.g. establishing web-based reporting in lieu of traditional paper reporting) of public health information systems, increasing security and confidentiality and using DHEC surveillance staff more efficiently. [Annual Accountability Report 2004-05]
- The agency has successfully implemented and managed various technical and program components of the new South Carolina Vital Record and Statistics Integrated Information System (SCVRSIIS) to support the business operation of vital record registration and issuance. [Annual Accountability Report 2004-05]
- The agency has significantly expanded the datasets and functions of the South Carolina Community Assessment Network (SCAN), which greatly enhanced the agency's data dissemination capability. [Annual Accountability Report 2004-05]
- The agency is continuously enhancing the use of GIS in our permitting processes, emergency response activities, disease surveillance, and health services. Over 40 environmental layers have been created that are used extensively within DHEC, as well as by many other governmental entities, such as S.C. Department of Natural Resources, S.C. Parks, Recreation and Tourism, S.C. Emergency Management Division, S.C. Forestry Commission, EPA, University of SC, Clemson University and the public.
- The Shared and Integrated Geographic Information System's (SIGIS) mission is to provide managers and policy makers with decision support systems and applications that enable them to better analyze spatial information related to environmental and public health issues. The main objective is to develop and maintain the agency-wide, enterprise GIS infrastructure including hardware, software, network, and databases to provide spatial analysis capabilities as well as to interface with existing DHEC information management systems (such as Environmental Facility Information System [EFIS]). The enterprise SIGIS program provides long-term and consistent support for DHEC staff and customers who need GIS and related services. These services include internal desktop applications, Intranet and Internet mapping capabilities, and a data server, which provide external users the ability to download GIS layers maintained and developed by DHEC. The program facilitates a better use of limited resources and minimizes redundancy across the agency's administrative boundaries.

- The agency links to national data systems to ensure data quality and availability for decision-making. The National Electronic Disease Surveillance System (NEDSS) is being implemented to better manage and enhance the large number of current surveillance systems and allow the public health community to respond more quickly to public health threats, including bioterrorism events. This system is allowing the agency to transition from a paper to an electronic system that will improve efficiency and effectiveness. When completed, NEDSS will electronically integrate and link a wide variety of surveillance activities and will facilitate more accurate and timely reporting of disease information from health providers to the states and, ultimately, to and from the Centers for Disease Control and Prevention.
- DHEC has implemented a statistical data warehouse to separate transaction systems from data analysis systems. Examples include: DHEC PHSIS and Health Services have been implementing the SAS Data Warehouse technologies to support analyses of vital statistics, health surveys and diseases data for public health planning and decision making.
- The agency has designed systems to trigger and accomplish immediate business actions. Examples include: S.C. Vital Record and Statistics Integrated Information System (SCVRSIIS); Client Automated Record and Encounter System (CARES); Environmental Facility Information System (EFIS); and Carolina Health Electronic Surveillance System (CHESS), which are all event-driven systems. They function to accomplish immediate business actions (permitting, issuance, care delivery and interventions) for DHEC.
- DHEC has designed individual systems by logical models and integrate them to accomplish the overall goals of improving health outcomes. The DHEC Executive Management Team implemented a hierarchical information infrastructure concept in 2000, which helped enforce the integration of individual systems toward improving the overall health outcomes.
- The agency has implemented a web-based data dissemination tool with descriptive functions to support community assessment and planning. Examples include the South Carolina Community Assessment Network (SCAN).
- The Solicitation Management System (Procurement WebPages) continues to provide self-serve access to solicitations and awards, which reduces administrative costs. Since inception in 2002, there are now more than 750 vendors registered as users, more than 465 solicitations and approximately 1035 documents have been made available. The use of the Web allows vendors to self-serve access to solicitations and award information, reducing administrative costs, distribution and postage fees, and other associated costs. [Annual Accountability Report 2004-05]
- Access to electronic technology has steadily increased since 2000 when only 74.7% of staff had access to the Internet/Intranet and 73.7% had access to GroupWise, which is our electronic mail system. In fiscal year 2005, 94% of staff

had access to the Internet/Intranet and 97% of the staff had access to GroupWise. [Annual Accountability Report 2004-05]

- The agency is a leader in piloting the national Toxic Release Inventory (TRI) data exchange, and is one of only four states that have successfully completed this exchange. TRI is an EPA program enacted as part of the Emergency Planning and Community Right to Know Act of 1996. Every year, tens of thousands of facilities in the United States submit reports to EPA and the States separately on releases and transfers of certain toxic chemicals. Through EPA's Central Data Exchange, copies of electronic TRI submissions are automatically forwarded to Exchange Network partners. The TRI data exchange will allow states to receive raw TRI data in real time. It will also reduce the burden of the current dual reporting requirement that compels facilities to make two submissions, one to EPA and one to their state. This success resulted in South Carolina DHEC being named a recipient of EPA's Office of Environmental Information's CIO Partnership Award for 2004.

7. Energy and Other Resource Conservation and Management: *The agency uses a plan to conserve energy and other resources and has demonstrated positive results.* [In Compliance]

- The agency has curtailed non-essential travel to conserve fuel. Teleconferencing and telecommuting are encouraged in appropriate situations, which reduce travel costs and the need for office space.
- The S.C. Resource Conservation Challenge, housed at DHEC's Office of Solid Waste Reduction and Recycling, is a partnership developed to promote new and improved ways for state agencies, colleges and universities, local governments, schools and school districts to recycle, buy recycled, reduce waste, conserve natural resources and save money. The partnership includes the S.C. Energy Office, S.C. Department of Corrections, S.C. Department of Commerce and the U.S. Environmental Protection Agency.
- The agency's Bureau of Air Quality was designated one of the Best Workplaces for CommutersSM by the U.S. Environmental Protection Agency and the U.S. Department of Transportation (DOT). This designation is the result of having a commuter benefits program that allows employees to take advantage of transportation alternatives during their daily commute to work. The Guaranteed Ride Home program, which is a requirement of the Best Workplace for Commuters designation, ensures that participants will be provided with transportation home in the event of an emergency. This adds a sense of comfort for employees choosing alternative modes of transportation, which may inevitably strengthen participation in the Take a Break from the Exhaust program. By being designated A Best Workplace for Commuters, the Bureau of Air Quality is listed among the top 1% of employers nation-wide with strong commuter benefits programs. Our innovative program benefits both employees and the environment by contributing to a work-life balance, as well as reducing harmful mobile source emissions.

- The agency recycles office paper, cardboard and aluminum cans.
- DHEC currently has five gas/electric hybrid vehicles in its fleet.
- DHEC currently has 236 alternative fuel vehicles in its fleet and has E-85 (ethanol) fuel available at its pumps at the 2600 Bull Street location.
- The agency provides many of its documents like regulation and permit applications and policy and procedure manuals on-line in downloadable form for its customers and employees, which saves paper, printing and mailing costs.
- Annually, the agency submits the "Energy Consumption Report" form for each facility in the central office area (approximately 23 separate facilities) to the State Budget & Control Board.
- DHEC uses high efficiency, T-8 fluorescent bulbs and electronic ballast in the Sims/Aycock and Mills/Jarrett Buildings, two of the larger agency buildings.
- The agency purchases energy saving Energy Star compliant equipment and uses them to the greatest extent possible.

8. Preventive and Deferred Maintenance: *The agency uses a regular program of preventive maintenance to preserve its physical assets and has developed a plan to address overdue maintenance needs for its facilities. [In Progress]*

- The Facility Maintenance section of the agency saved the state an estimated \$78,614 this past year in material and labor costs for building and office renovation when compared with the cost of using outside contractors.
- HVAC (heating, ventilating & air conditioning) equipment at State Park is checked and serviced semi-annually.
- Overdue preventive maintenance issues are moved up to a priority "one" or "two" status from the normal priority "three" status.
- DHEC coordinates with the Office of General Services facility maintenance section to ensure preventive maintenance within our leased facilities.

9. Alternate Revenue Sources: *The agency makes substantial efforts to identify and secure alternate revenue sources (excluding categorical grants for specific functions) to supplement funds available from state appropriations. [In Compliance]*

- With the support of stakeholders, the agency has attempted to promote user fees to cover the cost of many services provided, such as specific fees to review pool and spa construction and maintenance and fees to cover the processing of water facility construction permits. The agency works with stakeholders to get their support and buy-in to pay the fee.

- The agency pursues third party reimbursement, establishes fee schedules for services provided, and pursues partnership agreements with private organizations for the provision of health services.
- DHEC actively seeks and applies for grant funds and works with community partners to leverage resources (dollars and person-power) that will further our mission to promote and protect the public's health and the environment.
- The agency makes substantial efforts to involve the business community in the identification of revenue sources for programs and projects that are beneficial to the business community. For example: partnering with other state agencies including the State Department of Health and Human Services for Medicaid initiatives; partnering with school districts for the expansion of service delivery and Medicaid reimbursement; and contracting with partnerships and private sector to develop new business relationships and revenue streams.

10. External Annual Financial Audit Findings: *The agency minimizes or avoids all management letter and single audit findings in the annual audit performed or supervised by the State Auditor, especially violations of state law, material weaknesses, single audit findings and questioned cost.* [In Compliance]

- DHEC addresses all findings identified by the state auditors. The state auditors or their contractor(s) audit DHEC each year for compliance with State Policies and Procedures, which results in the Agreed upon Procedures Audit, and compliance with federal programs, which results in the Statewide Single Audit, of which DHEC is a part. There was no Agreed Upon Procedures Audit done for DHEC for FY2004, and no findings for the FY2003 Agreed Upon Procedures Audit. For FY2004, DHEC had four findings in the Statewide Single Audit, and one finding for this audit in FY2003. According to the State Auditors and their contractor(s) this is quite an accomplishment for an agency of DHEC's size and mission. A copy of these audit reports can be found on the state auditor's website at www.osa.state.sc.us.

RESULTS OF THE STATEWIDE SINGLE AUDITS AND AGREED UPON PROCEDURES AUDITS FOR DHEC		
Report	FY2004 Recommendations	FY2003 Recommendations
Agreed Upon Procedures Audit	N/A	0
Statewide Single Audit	4	1
TOTALS	4	1
Source: DHEC Office of Internal Audits		

11. External Review Findings: *The agency minimizes or avoids all non-compliance findings related to its business practices in external reviews and audits.* [In Compliance]

- Because of an active Office of Internal Audits and many programs performing internal compliance reviews, the agency attempts to identify and resolve any

issues prior to having external reviews of the programs. [See #2 - Internal Audits.] As a result, DHEC usually does well in the external reviews conducted of the agency.

- Any issues that are identified by external auditors are monitored internally to ensure timely correction, and implementation is reported back to the auditors.
- The Office of Internal Audits also receives and reviews the sub-recipient contractor audit reports as required by OMB Circular A133. Any material findings or issues presented in these audit reports are communicated to the relevant program areas.

12. Long Range Capital: *The institution uses a long range (minimum three to five years) capital improvement plan for major capital requirements for its buildings and has, subject to fund availability, begun implementation of the plan. [In Compliance]*

- Annually, the agency is tasked by the Budget & Control Board (B&CB) to update its current and five-year projected capital expenditure plan (over \$100K) and to forward that information to the B&CB using their "Comprehensive Permanent Improvement Plan" forms.

13. Risk Management: *The agency has an active risk management program in place to minimize its losses. [In Compliance]*

- The agency has a Risk Management Program that: (a) collates the information collected by various DHEC committees or units for analysis and provides recommendations to upper management for policy or procedures changes; (b) provides a forum to discuss risk issues that cross deputy areas, such as specialized training that may apply to several areas within the agency; (c) promotes efforts to reduce risk factors designed to minimize insurance costs; (d) facilitates design and configuration of data collection systems related to risk management that includes quality indicators; and (e) raises employee awareness and education level in order to reduce risk.